

13 October 1961

**MEMORANDUM FOR THE RECORD**

**SUBJECT: Conflicts of Interest**

1. I discussed the question of Mr. McCone's financial holdings and their relationship to his appointment as DCI with Mr. Katzenbach, Assistant Attorney General, Office of Legal Counsel, Department of Justice. Mr. Katzenbach's office considered the same question in connection with Mr. McCone's appointment to the AEC and had written a letter to Mr. Sherman Adams, The Assistant to the President, discussing the legal aspects. There was a special statutory provision in connection with the AEC appointment which does not exist in the appointment as DCI.

2. I told Mr. Katzenbach that our present information was that we had no connection with any of the companies in which Mr. McCone had financial holdings and that, therefore, I did not feel there was any problem of conflict of interest. Mr. Katzenbach agreed and said the only point he would like to have brought up was in connection with Mr. McCone's holdings in Joshua Hendy Corporation and Panama Pacific Tankers, Inc. He asked that we bring to Mr. McCone's attention the provisions of the recent Executive Order 10939 on outside activities by Government officials. He did not say that the terms of the Executive Order prohibited stock ownership of this nature but that it was merely for Mr. McCone to consider as to whether such ownership would require such outside activities as to raise a question under the Executive Order.

**LAWRENCE R. HOUSTON**  
General Counsel

Orig-DCI

1-DDCI

1-IG

1-OGC chrono

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ACTION		DIRECT REPLY	
APPROVAL		DISPATCH	
COMMENT		RETURN	
CONCURRENCE		SIGNATURE	
Remarks: Attached is the Contact Division report on its relations with companies in which Mr. McCone has financial interests.			
SIGNED L.H. Houston			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
General Counsel 221 East			10/27/61
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FORM NO. 237  
1 APR 55Replaces Form 30-4  
which may be used.

U.S. GOVERNMENT PRINTING OFFICE: 1955-O-342951 (40)